

**MINUTES OF TELEPHONIC MEETING
ILLINOIS GAMING BOARD
March 15, 2004
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

A Special Meeting of the Illinois Gaming Board ("Board") was held on March 15, 2004. The Board met in the conference room of the Gaming Board Offices on the 3rd floor at 160 N. LaSalle for closed session.

The following Board Members were present: Chairman Elzie Higginbottom, Members Violet Clark, Gary Peterlin, William Dugan, and William Fanning.

The meeting convened at 8:38 A.M. Pursuant to Section 2(c), paragraphs (1), (11), and (14) of the Open Meetings Act and Section 6(d) of the Riverboat Gambling Act, Member Clark moved that **the Board retire to Closed Session to discuss the items listed under Closed Session on today's agenda and relating to the following subject matters:**

- 1. Investigations concerning applicants and licensees;**
- 2. Pending litigation and matters involving probable litigation; and**
- 3. Personnel matters.**

Member Dugan seconded the motion. The Board approved the motion unanimously by voice vote.

The Board convened its Open session at 5:20 P.M. Member Dugan was present telephonically.

Owner Licensee Items

EMERALD CASINO, INC. – SELECTION OF THE WINNING BIDDER FOR EMERALD CASINO, INC. BY THE ILLINOIS GAMING BOARD - Chairman Higginbottom stated that the real winner of the Board's announcement would be the citizens of Illinois.

Chairman Higginbottom stated that this windfall to the State of Illinois is a result of three years of hard work by the Illinois Gaming Board.

Chairman Higginbottom stated that the entire Board, as well as himself, would like to thank the knowledgeable, talented and hardworking Staff. Chairman Higginbottom stated that the process was a huge endeavor to comprehensively evaluate all aspects of the three final bids that were received as a result of the fair, open and competitive process.

Chairman Higginbottom stated that in addition to the requirements of the Riverboat Gambling Act, the Staff had to consider the requirements of the U.S. Bankruptcy process.

Chairman Higginbottom stated that the staff at the Illinois Gaming Board is small, and that its budget is less than fifteen million dollars. Chairman Higginbottom stated that no matter who is selected today, the Board implores the Governor and the Illinois legislature to provide adequate resources to the Gaming Board so that the Board can best protect and grow the valuable revenue stream for the people of Illinois.

Chairman Higginbottom stated that it is important to note that the amount of money that the State will receive from the bankruptcy court sale of the Emerald license is not money owed to the State for the license. Instead, he stated, it is a voluntary contribution to the citizens of Illinois by Emerald Casino. Chairman Higginbottom stated that at the same time, we must acknowledge that the State has not received tax revenue from the licensee since 1997.

Chairman Higginbottom stated that if the revocation process this Board initiated had run its course and the Board revoked Emerald's license, the license would not have received a bidding process. Chairman Higginbottom stated that instead, the State of Illinois would have received a \$50,000 application fee from a potential licensee.

Chairman Higginbottom stated that there could be no action taken that will hurt the integrity of the industry in the State of Illinois. Chairman Higginbottom stated that the revenues derived from casino gaming have become key to providing important services to all of the people of Illinois.

Chairman Higginbottom stated that numerous entities were given the opportunity to submit an offer to purchase Emerald Casino, Inc. Chairman Higginbottom stated that in the end, seven submitted bids to acquire Emerald casino, Inc. and to build a casino in five separate communities.

Chairman Higginbottom stated that it is important to note that the intent of the Riverboat Gambling Act is not to solely award economic opportunity to a single community, but to create and promote economic development and tourism throughout the entire State. Chairman Higginbottom stated that a proposal that would generate the highest amount of revenue and distribute the benefits of that revenue to the most needy communities would do just that.

Chairman Higginbottom stated that each element of the final three bids had to be carefully evaluated. Chairman Higginbottom stated that Staff looked at all aspects of each bid. Chairman Higginbottom stated that it is important that the Board and Staff focus on long term benefits while looking to select the best license for the State.

Chairman Higginbottom stated that the final decision of the Board was based on a careful review of the three final bids. Chairman Higginbottom stated that the Board's decision was not made solely on the amount of the up front cash offered. Chairman Higginbottom stated that the Board gave equal weight to long term revenue potential for the State.

Chairman Higginbottom stated that the final three bids that were submitted throughout the sales process were aggressive and well developed, yet each one posed different challenges and opportunities. Chairman Higginbottom stated that the Board has an obligation to each resident of the State to perform a careful and objective evaluation of each bid, and that is what the Board did.

Chairman Higginbottom stated that the ownership team of the winning bidder would be carefully scrutinized. Chairman Higginbottom promised that if the Board and Staff should find anything that potentially discredits the integrity of Illinois gaming, that license will not receive final approval from this Board.

Chairman Higginbottom stated that the Board has weighed their decision carefully. Chairman Higginbottom stated that the Board trusts Staff's due diligence and have given careful consideration to their analysis and recommendation; however, it is the ultimate responsibility for the Board to take into consideration every tangible and intangible element when making the decision.

Based on a detailed review of the three bid proposals for the acquisition of Emerald Casino, Inc. submitted on January 19, 2004, and revised and clarified on January 28, 2004, all public presentations and commentary, revisions, enhancements and clarifications made at the auction on March 10 and 11, 2004, and having considered the analysis and recommendations of Staff, Member Dugan hereby moved that, **pursuant to the Side Letter to Emerald's Fourth Amended Plan of Reorganization and the Bid Procedures incorporated therein, to identify the following entity as the winning bidder for Emerald Casino, Inc.:**

- **Isle of Capri**

Member Clark seconded the motion. Members Higginbottom and Fanning approved the motion. Member Peterlin opposed the motion. The motion was passed 4 to 1.

At 5:45 P.M. Member Clark moved **to adjourn**. Member Peterlin seconded the motion. The Board approved the motion unanimously by voice vote.

Respectfully submitted,
Monica Thomas

Secretary to the Board